



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

## **ANNEXURE 2**

### **PROPERTY (TAX) RATES**

## **PROPERTY RATES 2018/19**

The property rates are to be levied in accordance with Council policies, the Local Government Municipal Property Rates Act 2004 (MPRA), the MPRA Regulations, the Local Government: Municipal Finance Management Act 56 of 2003

The Rates Policy was compiled taking into account feedback received from the Finance Portfolio Committee, Councillors, ratepayers and clients since the adoption of the 2017/18 Property Rates Policy in May 2017. In addition, it was informed by the Public Participation Process conducted during April 2017.

Property rates are based on values indicated in the General Valuation Roll 2015 (GV) with the date of valuation being 1 August 2015. The Roll is being updated for properties affected by land sub-divisions, alterations to buildings, demolitions and improvements through Supplemental Valuations.

Accordingly, the rates levied per individual property will depend on that property's value compared with the valuation of all the rateable properties in the municipal area.

Rebates and concessions are granted to certain categories of property usage and/or property owner.

The definitions and listing of categories are reflected in the Rates Policy attached as Annexure 5.

### **Residential Properties**

For all residential properties, as defined per the Rates Policy, the rates payable will be rebated by the amount of rates payable on such properties of up to the first R200 000 of the individual property value.

The proposed cent-in-the-rand to be levied on all residential properties, as defined per the Rates Policy for 2018/19, is R 0.007154. This is the base rate and all other rates levied will be shown as a ratio to the residential rate.

A section has been deleted allowing a rebate for residential properties where the dwelling has been demolished to reconstruct a new residential property.

A R50 rebate per month will be granted to the owners of residential property valued from R400 001 to R750 000, provided that the owner/s do not receive any other indigent relief.

## **Industrial / Commercial Properties – Undeveloped Land**

All properties (including all undeveloped properties) other than those defined as residential will be rated at the ratio of 1:2 to the rate levied on residential properties. The proposed cent-in-the-rand for all properties other than residential for 2018/19 is R0.014308.

## **Agricultural Properties**

Agricultural properties (including farms and small holdings) fall into three categories;

- (a) those used for residential purposes,
- (b) those used for *bona fide* farming purposes,
- (c) those used for other purposes such as industrial or commercial.

Properties in rural areas that are not used for *bona fide* farming, but are used as residential properties will be categorised as “residential” and qualify for the rebate of up to the first R200 000 of municipal value as per the General Valuation Roll and the residential cent-in-the-rand. The proposed cent-in-the-rand for agricultural properties or small holdings that qualify for residential status for 2018/19 is R 0.007154.

Bona fide farming properties as defined per the Rates Policy qualify for the special agricultural rate for 2018/19 which is an 80% rebate on the rate levied on residential properties. This rebate exceeds the 75% rebate as per the MPRA Regulations. The proposed cent-in-the-rand levied on such qualifying properties for 2018/19 is R0.001431.

All other properties in rural areas not used for *bona fide* farming or residential purposes will be rated at the ratio of 1:2 to the residential rate and the proposed cent-in-the-rand for 2018/19 is R0.014308.

## **Public Service Infrastructure**

In terms of the MPRA Council may not levy rates on the first 30% of the market value of Public Service Infrastructure (PSI). The remainder of the market value is rated at the ratio of 1:0.25 of the residential rate and the proposed cent-in-the-rand for 2018/19 is R0.001789.

## Public Service Infrastructure (Phasing out transitional arrangement)

The MPRAA prescribes the phasing out of the rates liability of certain PSI properties over a period of five financial years. For the 2018/19 financial year, the rates must not exceed 20% of the rates that would have been charged had the MPRAA not been implemented. The proposed cent-in-the-rand for the properties listed in Section 17(1) (aA) of the MPRAA for 2018/19 is R0.000358.

Rates: increase in the current cent-in-rand results in the following output:

Type	2017/2018 CIR	2018/2019 CIR – 6.5% increase
Residential	0.006717	0.007154
Non Residential	0.013434	R0.014308
Agricultural	0.001343	R0.001431
PSI	0.001679	R0.001789
PSI Phase Out	0.000672	R0.000358

## Senior Citizens Rate Rebate

Registered owners of residential properties who are senior citizens qualify for special rebates according to gross monthly household income of the persons normally residing on that property. To qualify for the rebate a property owner must be a natural person and the property must satisfy the requirements of the definition of residential property, and must on 1 July of the financial year:

- occupy the property as his/her primary residence, provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or partner or children (including minor children) may satisfy the occupancy requirement; and
- be at least 60 years of age; and
- be in receipt of a gross monthly household income (as defined in paragraph 3 of the Rates Policy) not exceeding R15 000 as proven by the submission of the applicant's most recent income tax return and the minimum of three months bank statements from all financial institutions or, if the person does not have a bank account, such proof as the City may require to substantiate the person's level of gross monthly household income; and the applicant and/or spouse and/or life partner should not be the owner of more than one property nationally (with the exception of

any unproductive vacant land) or internationally (subject to paragraph 5.8.11 of the Rates Policy).

A usufructuary or habitatio (right of habitation) or an executor or administrator of a deceased estate will be regarded as an owner. However, the Applicant must produce a letter or an affidavit from the Master of the Court or a suitably endorsed Title Deed or addendum to the Title Deed to substantiate the appointment.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a trust where at least one beneficiary meets all of the other requirements of paragraph 5.8 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all beneficiaries, which income may, collectively, not exceed R15 000.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a Close Corporation (CC) where the total number of members meets all of the other requirements of paragraph 5.8 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all members, which income may, collectively, not exceed R15 000.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by multiple owners where at least one co-owner meets all of the other requirements of paragraph 5.8 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of the co-owners of that property, which income may, collectively, not exceed R15 000.

The criteria of registered owner (per the Deeds Office) may be waived at the sole discretion of the CFO to allow the holder of a share or the holder of a life right and who occupies that property which that person has the right to occupy and such person is responsible for the payment of the rates in terms of their right to occupy, to allow that owner and occupant to apply for this rebate (subject to all the other applicable requirements of paragraph 5.8 of the Rates Policy).

Owners must apply for the rebate in the year when a new GV or SV, as the case may be, are implemented. Applications made when a new GV is implemented must be received by the City by 31 August of the financial

year when the GV will be implemented to receive the rebate from 1 July of that year. Applications made when a SV is implemented, must be received by the City by the last day of the third month following the implementation date of the SV to receive the rebate from the implementation date of the SV, failing which no such rebate may be granted for those financial years.

Owners of properties where a change of gross household income qualifies the property for a rebate or for a different percentage rebate must apply for the rebate within three months of when the change occurred, failing which no such rebate may be granted for that financial year.

Approved rebate applications will remain valid until the next GV, SV or changes of gross household income affecting those properties are implemented. An owner is required to inform Council within 3 months should the gross monthly income change. Failure to notify of any change in the gross monthly income will result in the loss of the rebate.

Any owner who meets all the other criteria above may apply to receive the rebate from the date of receipt by the City of the application for the remainder of the validity of that GV, where after all the criteria set out above will apply to applications for rebates in subsequent financial years.

In exceptional circumstances the CFO may, in his/her sole discretion, approve the granting of this rebate even though the applicant and/or spouse and/or life partner owns additional properties for which a market-related rental is included in the gross monthly household income.

Where a senior citizen's gross monthly household income changes substantially, as a result of the spouse/partner passing away, the surviving spouse/partner may apply for the rebate to be adjusted from the date of death.

Where a couple qualifies for a rebate in terms of paragraph 5.8 of the Rates Policy and one passes away and the surviving spouse/partner does not qualify in terms of age, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.8 of the said policy.

Where a ratepayer qualifies for a rebate in terms of paragraph 5.8 of the Rates Policy and passes away leaving only a child headed household where the child does not qualify in terms of age, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.8.

The percentage rebate granted to different gross monthly household income levels will be determined according to the schedule below.

**The gross monthly household incomes and rebates for the 2018/2019 financial year are as follows:**

<b>Gross Monthly Household Income</b>		<b>% Rebate</b>
<b>2018/19</b>		<b>2018/2019</b>
0	4000,00	100%
4001	6000,00	95%
6001	7000,00	90%
7001	8000,00	80%
8001	9000,00	70%
9001	10000,00	60%
10001	11000,00	50%
11001	12000,00	40%
12001	13000,00	30%
13001	14000,00	20%
14001	15000,00	10%

### **Disabled Persons Rate Rebate**

Registered owners of residential properties who are disabled persons qualify for special rebates according to gross monthly household income of the persons normally residing on that property. To qualify for the rebate a property owner must be a natural person and the property must satisfy the requirements of the definition of residential property, and must on 1 July of the financial year:

- occupy the property as his/her primary residence, provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or partner or children (including minor children) may satisfy the occupancy requirement; and
- be in receipt of a disability pension; and
- be in receipt of a gross monthly household income as defined in paragraph 3 of the Rates Policy not exceeding R15 000 as proven

by the submission of the applicant's most recent income tax return and the minimum of three months bank statements from all financial institutions or, if the person does not have a bank account, such proof as the City may require to substantiate the person's level of gross monthly household income; and the applicant and/or spouse and/or life partner should not be the owner of more than one property nationally (with the exception of any unproductive vacant land) or internationally (subject to paragraph 5.9.11 of the Rates Policy).

A usufructuary or habitatio (right of habitation) or an executor or administrator of a deceased estate will be regarded as an owner. However, the applicant must produce a letter or an affidavit from the Master of the Court or a suitably endorsed Title Deed or addendum to the Title Deed to substantiate the appointment.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a trust where at least one beneficiary meets all of the other requirements of paragraph 5.9 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all beneficiaries, which income may, collectively, not exceed R15 000.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a Close Corporation (CC) where the total number of members meets all of the other requirements of paragraph 5.9 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all members, which income may, collectively, not exceed R15 000.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by multiple owners where at least one co-owner meets all of the other requirements of paragraph 5.9 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of the co-owners of that property, which income may, collectively, not exceed R15 000.

The criteria of registered owner (per the Deeds Office) may be waived at the sole discretion of the CFO to allow the holder of a share or the holder of a life right and who occupies that property which that person has the right to occupy and such person is responsible for the payment of the rates in

terms of their right to occupy, to allow that owner and occupant to apply for this rebate (subject to all the other applicable requirements of paragraph 5.9 of the Rates Policy).

Owners must apply for the rebate in the year when a new GV or SV, as the case may be, are implemented. Applications made when a new GV is implemented must be received by the City by 31 August of the financial year when the GV will be implemented. Applications made when a SV is implemented, must be received by the City by the last day of the third month following the implementation date of the SV, failing which no such rebate may be granted for those financial years.

Owners of properties where a change of gross household income qualifies the property for a rebate or for a different percentage rebate must apply for the rebate within three months of when the change occurred, failing which no such rebate may be granted for that financial year.

Approved rebate applications will remain valid until the next GV, SV or changes of gross household income affecting those properties are implemented. An owner is required to immediately inform Council should the gross monthly income change. Paragraph 7.2 of the Rates Policy will apply should an owner fail to do so.

Any owner who meets all the other criteria above may apply to receive the rebate from the date of receipt by the City of the application for the remainder of the validity of that GV, where after all the criteria set out above will apply to applications for rebates in subsequent financial years.

In exceptional circumstances the CFO may, in his/her sole discretion, approve the granting of this rebate even though the applicant and/or spouse and/or life partner owns additional properties for which a market-related rental is included in the gross monthly household income.

Where a disabled person's gross monthly household income changes substantially as a result of the spouse/partner passing away the surviving spouse/partner may apply for the rebate to be adjusted from the date of death.

Where a couple qualifies for a rebate in terms of paragraph 5.9 of the Rates Policy and one passes away and the surviving spouse/partner does not qualify in terms of disability, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.9 of this policy.

Where a ratepayer qualifies for a rebate in terms of paragraph 5.9 of the Rates Policy and passes away leaving only a child headed household where the child does not qualify in terms of disability, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.9.

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**The gross monthly household incomes and rebates for the 2018/2019 financial year are as follows:**

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6001	7000,00	90%
7001	8000,00	80%
8001	9000,00	70%
9001	10000,00	60%
10001	11000,00	50%
11001	12000,00	40%
12001	13000,00	30%
13001	14000,00	20%
14001	15000,00	10%

### **Rebates for Certain Categories of Properties / Property Users**

Special rebates will be considered for certain categories of property upon application before 31 August 2018.

The categories of properties qualifying for exemption and rebates are as per the Rates Policy.

**Amended Municipal Property Rates Regulations on the Rate Ratios between Residential and Non-Residential Properties.**

Any property that meets the public benefit organisation criteria included in the regulation, yet does not qualify for the 100% rebate in terms of Council's Rates Policy, shall be rated at 25% of the residential rate and the proposed cent-in-the-rand for 2018/19 is R0.001789.

### **ADDITIONAL AMENDMENTS**

A Paragraph dealing with Heritage Resources has been deleted (Paragraphs 5.12.9 in the 2017/18 Rates Policy) as Heritage issues are covered in Paragraph 6.3 of the 2018/19 Rates Policy.

A paragraph dealing with Protected Areas has been included into the 2018/19 Rates Policy and the rebates have been amended accordingly.

Rebates for Social Housing Institutions have been amended to allow for some cross subsidisation.

Minor amendments have been included in the paragraph 18 relating to *Hanging and Holding* properties.

### **Budget Implications**

The Budget for 2018/19 has been balanced using the estimated income from levying the rates in this report.

Provision has been made in the Budget for 2018/19 for the income foregone arising from the rebates and concessions in this report as detailed in the Rates Policy.